

USDA Rural Development

2004 Annual Report Kansas



Secretary of Agriculture Ann Veneman

One of the hallmarks of the Bush Administration centers on improving the quality-of-life and increasing economic opportunities in rural communities. To do this, USDA Rural Development focuses efforts on three primary areas -- home ownership opportunities, business development, and community infrastructure.

The \$50 billion in USDA Rural Development investments made by the Bush Administration has helped to create or save over 800,000 jobs that are important to rural communities. The all time record high of 76.1 percent homeownership in rural areas is evidence that programs are working as USDA Rural Development has helped 170,000 families attain their dream of homeownership. President Bush has set a goal of providing access to all Americans by 2007. USDA Rural Development is helping meet this goal by increasing access for 1.2 million households and businesses to high-speed Internet technologies.



USDA Rural Development has provided 2.7 million people with basic community water and wastewater infrastructure. Additionally, investments that assist communities with financing public health and safety first responder requests, including financing the purchase of 600 fire trucks and 150 police cars and construct or renovate nearly 100 medical facilities, are having a positive impact on the quality of life in rural America.

The Bush Administration understands the values and traditions that are unique to those who call rural America home. President Bush and I, along with our USDA Rural Development family, are working hard to support families, businesses, and communities increase economic opportunities and improve the quality of life in rural communities.

Agriculture Acting Under Secretary for Rural Development Gilbert Gonzalez

Citizens and community leaders throughout rural American share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness among rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their communities.

Today, more Americans than ever are realizing their dream of becoming a homeowner. Bringing stability to families, neighborhoods and increasing personal family wealth through building of financial equity in their future. I am proud to say that 20 percent of the first-time homeowners receiving financing this year are minority families.



We are committed to aggressively working to help families, communities and businesses build the basic community infrastructure, help create more local jobs and gain access to educational and health care services and technologies that allow them to be better prepared to compete in a global environment.

While we have accomplished much, we know that more must be done to assist more families, businesses, and communities benefit from the financing and technical assistance USDA Rural Development provides. That is why I unveiled this year a new education and outreach effort designed to ensure everyone in rural areas know what assistance is available to help them achieve their economic goals and improve their quality of life. Simply put, USDA Rural Development is the sole government agency that can build rural communities from the ground up.

To date, the Bush Administration, through USDA Rural Development, has invested \$50 billion to help create or save over 800,000 jobs. We have a team of dedicated professionals capable and ready to work with you to improve the quality of life in rural Kansas. I encourage you to contact your local or state office in Kansas to learn more about how USDA Rural Development can help improve the quality of life and increase the economic opportunity in your community.

Greetings From State Director Banks:

I am pleased to present the Fiscal Year 2004 USDA Rural Development annual report for Kansas, covering the Agency's community and economic development programs benefiting our State. We hope you find this information helpful.

During Fiscal Year 2004, USDA Rural Development in Kansas administered an all-time record \$151.9 million in financial assistance for the Sunflower State. This impressive 28% funding increase compared to 2003 represents the fourth consecutive year of + \$100 million Agency programming for Kansas. In addition to the outstanding delivery of financial support to the Sunflower State, USDA Rural Development staff logged thousands of hours providing technical assistance to help applicants and stakeholders to more effectively access these critically needed programs. These valuable taxpayer-supported programs were administered for hundreds of projects that positively affect the daily lives and pocketbooks of rural Kansans, and which also provide significant benefits for the entire State.



Yet, more needs to be done to expand community and economic development across rural Kansas. Rural communities require strong coalitions and strategic partnerships to prosper. Rural residents need affordable homes and essential community facilities to enhanced quality of life. Rural workers need good jobs and rural businesses need economic stimulus to compete and expand. And rural areas need more dependable water and utility services, along with improved infrastructure support so Kansans can enjoy an improved quality of life. By taking advantage of USDA Rural Development's programs, the entire State of Kansas can grow and prosper --- making it a more enjoyable place to live, work and play!

USDA Rural Development has proudly served rural America for 70 years, fulfilling the important mission of "to improve the quality of life for and enhance economic opportunities of rural Americans". The Agency is proud to report that it has aggressively worked hard to raise the level of programming for Kansas the past four years, resulting in hundreds of new jobs and added services benefiting the entire State. USDA Rural Development greatly appreciates the numerous and expanding partnerships from the private and public sector, along with the valued support of the State's congressional delegation, this cooperative participation allows the Agency to touch the lives of thousands of Kansans each and every day.

USDA Rural Development looks forward to the future, and the many opportunities that are available to rural Kansas. Exciting community and economic development opportunities are present across the Sunflower State each and every day. As State Director, I pledge that our Agency will continue to aggressively commit our resources to serve Kansas and its rural citizens. To learn more about USDA Rural Development's programs, I invite you to contact one of our local offices located at a county USDA Service Center, visit our Agency's website at <http://www.rurdev.usda.gov/ks/> or call the State Headquarters at 785-271-2700.

A handwritten signature in blue ink that reads "Chuck".

CHUCK BANKS
STATE DIRECTOR

Kansas USDA Rural Development Fiscal Year 2004

Rural Housing Programs

Single Family Guaranteed Loans	\$47,440,284	735
Single Family Direct Loans	\$14,868,696	237
Single Family Repair Loans and Grants	\$654,515	148
Housing Preservation Grants	\$138,000	3
Self-Help Housing Grants (for 44 homes)	\$719,400	3
Total Single Family Housing	\$63,820,895	1126 Loans/Grants
Multi-Family Rental Housing Loans	\$1,190,280	4
Rental Assistance (3861 units in 402 projects):		
Usage	\$8,301,092	
Obligations:		
Renewal	\$6,891,698	
Total Multi-Family Housing	\$16,383,070	
Total Rural Housing Programs	\$80,203,965	1130 Loans/Grants

Business and Community Programs

Water and Waste Disposal Direct Loans	\$8,326,800	12 Projects
Water and Waste Disposal Grants	\$7,066,745	
Broadband Loans	\$19,601,000	3 Projects
Electric and Telephone Loans	\$15,679,000	2 Projects
Distance Learning and Telemedicine Grants	\$198,000	1 Projects
Public Television Grant	\$1,470,000	1 Projects
Total Rural Utility Service	\$52,341,545	19 Projects
Business & Industry Guaranteed Loans	\$10,088,000	5 Projects
Rural Business Enterprise Grants	\$375,000	5 Projects
Rural Economic Development Loans & Grants	\$2,766,000	10 Projects
Value-Added Product Development Grants	\$891,783	7 Projects
Renewable Energy/Energy Efficiency Grants	\$17,935	2 Projects
Rural Business Opportunity Grants	\$92,173	1 Project
Total Rural Business & Cooperative Service	\$14,230,891	30 Projects
Community Facilities Loans	\$5,133,409	
Community Facilities Grants	\$44,600	
Total Rural Housing Service	\$5,178,009	9 Projects
Total Business and Community Programs	\$71,750,445	58 Projects

Total Kansas Rural Development \$151,954,410

Business & Community Programs

In Fiscal Year 2004, USDA Rural Development funded 58 community and business projects totaling approximately \$71.8 million. Those projects included the areas of business development, water and sewer improvements, community facilities, value-added businesses, energy efficiency, technical assistance, along with related community and economic development projects.

Business & Industry Guaranteed Loan Program

The Business & Industry Guaranteed Loan program is available to financial institutions for guaranteeing commercial loans located in areas of less than 50,000 in population for projects that create or save rural jobs. In FY 2004 projects such as the purchase of a convenience store and the construction of a new grain storage facility were funded.

- ◆ 5 Businesses assisted
- ◆ 182 Jobs created/saved
- ◆ \$10 million in guaranteed loans provided



A \$3,350,000 Business & Industry loan guarantee was utilized by Fink and Spears, LLC to purchase four convenience stores and the inventory for those stores. This financing will create 10 new jobs. Community National Bank of Coffeyville, KS is the guaranteed lender for this project.

Value-Added Producer Grant Program

Grants are available to agriculture producers and producer based business ventures for technical assistance and/or working capital for the development of value-added projects. Projects ranged from marketing organically produced commodities to soybean processing to wheat milling to ethanol plants.

- ◆ 7 Projects funded
- ◆ \$891,783 grant funds approved
- ◆ Grantee matched funding - dollar for dollar

Rural Economic Development Loans & Grants

To facilitate job creation and community development, zero interest loans and grants are available to eligible rural electric and telephone cooperatives to help provide financing to local borrowers that create or retain rural jobs.

- ◆ 10 Projects funded
- ◆ Approximately 394 jobs created and saved
- ◆ Over \$2.7 million in loans approved



Holthaus Electric Motors Service, Inc. received a \$200,000 Rural Economic Development loan through Bluestem Electric Cooperative, Inc. to assist in the purchase of a new building and additional equipment to expand the current electrical business in Seneca, Kansas. The expansion will create five new jobs.

“USDA Rural Development allows communities to help themselves through the wide variety of business and community programs offered for the continued growth and development of Rural Kansas, always on the move”

STATE DIRECTOR CHUCK BANKS



Community Facilities

The Community Facility (CF) Program is available for American Indian Tribes, municipalities, nonprofits as well as faith-based/community based organizations in towns of less than 20,000 in population to construct, enlarge, or improve community facilities for health care, public safety, and public service. In FY 2004, CF funds were utilized to improve the quality of rural life through projects that included purchasing a backhoe, purchasing a building and equipment for a day care, constructing a community 4-H center, constructing a fire station, purchasing fire fighting equipment, helping expand a detention center and improving a county courthouse.

- ◆ 9 Projects Funded
- ◆ Over 19,700 families benefited
- ◆ \$5,178,009 funding obligated



The Great Bend Child Day Care Association was able to purchase an existing building and make renovations to their center with a Community Facility loan and grant in the amount of \$150,000. These improvements will enhance service to 70 children and allow for expansion to include infant care.

Renewable / Efficiency Energy Grants

In FY 2004, USDA announced the availability of \$22.8 million to assist farmers, ranchers, and rural businesses to purchase renewable energy systems and make energy efficiency improvements.

- ◆ 2 Projects received funding
- ◆ \$18,000 Grant funding approved
- ◆ Three rural communities benefited

Water and Waste Disposal

Water and Waste Disposal programs are available to public bodies and nonprofit organizations in communities of fewer than 10,000 in population to construct or improve both water and waste disposal projects. During FY 2004, Kansas experienced a continued strong interest in the Agency's Water and Waste program.

- ◆ 12 Projects funded
- ◆ Over 8,500 households and businesses benefited
- ◆ \$15.4 million in funding obligated



Public Wholesale Water Supply District #20 utilized a \$3,688,000 Water and Waste Disposal loan and grant to construct a water treatment plant and install 9 miles of transmission line. The District currently serves a population of 2,703. This is Phase I of a potential three phase project.



Rural Business Enterprise Grants

To assist in the development of small and emerging businesses, grants are made available to nonprofit and public bodies located in communities of less than 50,000 in population.

- ◆ 5 Projects received funding
- ◆ 53 Jobs created and saved
- ◆ \$375,000 Grant funding approved

Housing Programs

Fiscal Year 2004 was another outstanding year for USDA Rural Development's housing programs in Kansas. The Rural Housing Service encompasses two main areas: the Single Family Housing division which provides loans and grants for very low, low and moderate income households; and the Multi-Family Housing Division which provides funds to build and rehabilitate apartment complexes.

For all Single Family Programs, USDA Rural Development funded 1,120 loans for Kansas individuals and/or families in Fiscal Year 2004, with \$62,963,495 in Federal assistance returned to Kansas under these programs.

The Multi-Family Housing Program focuses on two separate areas for funding: the rehabilitation of existing properties, and the construction of new properties. Through the National Office competitive funding pool, Kansas has secured \$1,190,000 in rehabilitation funds for four projects in Fiscal Year 2004

Guaranteed (GRH) Loans

Guaranteed loans are offered through approved lenders to provide rural residents with affordable housing options for new or existing homes.

Special Outreach areas have been established for the GRH program to ensure that applicants in remote rural locations benefit from this program. National Office guidelines propose that a minimum of 25% of all GRH loans be made in Special Outreach Areas. In Kansas, 88.6% of all GRH loans were made to borrowers in remote rural areas for Fiscal Year 2004.

◆ 735 loans for \$47,440,284



The USDA Rural Development Single Family Housing Guaranteed Loan Program was utilized in the purchase of this Wamego home.

Direct Loan Program

The Direct Loan Program for low and very low income applicants provides a genuine opportunity for individuals and/or families who could otherwise not afford to buy a home.

In order to stretch the Federal dollars that are available each year, direct loans are often leveraged with funds from outside sources, such as other private lenders or the State of Kansas, to provide additional funds for down payment and other assistance. Borrower's loan payments may be further reduced through the use of Payment Assistance. This feature allows qualified applicants to reduce their monthly mortgage payments through Government subsidies. Interest rates are favorable and most loans are made for a 30-33 year period. Participants in the Direct Loan Program must be of low, very low or moderate income and unable to qualify for a loan from a conventional lender.

◆ 237 loans for \$14,868.696



This home in Tonganoxie, Kansas, was purchased with a Direct loan.

Mutual Self-Help Housing Program

Self-Help loans are one type of loan offered under the Direct Loan Program. Under the Self-Help Program, 6 to 8 individuals and/or families who have qualified financially for the program, work together under the guidance of a construction supervisor to construct all the homes. Participants in the program contribute approximately 65% of the labor, such as concrete work, roofing, framing, finishing and other tasks. Applicants are able to purchase more accommodating homes than they could otherwise afford because of this "sweat equity." Specialized tasks such as plumbing and electrical work are performed by licensed contractors. Group members learn new skills and take special pride in owning their homes. The Self-Help Program builds strong communities and strong relationships between the families, since members must rely on each other during the building process.

- ◆ 3 Technical Assistance Grantees
 - Housing Opportunities, Inc., Great Bend, KS
 - City of Junction City, Junction City, KS
 - Mennonite Housing and Rehabilitation Serv. of Wichita, KS.
- ◆ 29 Loans for \$2,383,760



Pictured are two homes built in Junction City, Kansas through USDA Rural Development's Self-Help Housing Program. The homes each have three bedrooms, feature wood cabinetry and have sliding glass doors which open onto a patio.

Home Repair Loan and Grant Program

The Loan/Grant Repair Program provides funds for needed repairs and improvements to dwellings owned by eligible very low income households. Applicants must have sufficient and dependable income for loan repayment and be unable to get a loan elsewhere. If residents are unable to repay a loan, they may be eligible for grant funds. The program fills a great need in rural America by serving primarily elderly, very low income households.

In Fiscal Year 2004, 148 Kansas individuals and/or families were provided USDA Rural Development funds to repair their homes. Repairs included replacement of roofs, furnace and air conditioning systems; improvements to electrical and plumbing systems, and bathroom conversions to provide handicapped accessibility.

- ◆ Loans = 58 homes \$288,814
- ◆ Grants = 90 homes \$365,701
- 148 homes \$654,515



This kitchen was updated with new cabinets, countertop and flooring, made possible with a home repair loan



This home in Gorham, Kansas was renovated with home repair loan funds. In addition to the kitchen upgrade shown above, the owner was able to install new carpeting, replace siding and improve the heating/cooling systems in the home. The owner of the home is a person with disabilities who depends totally on Social Security for her income..

Housing Preservation Grants

HPGs provide federal funds to public agencies, nonprofit organizations, and other eligible entities for qualified low and very low income applicants to repair their homes.

- ◆ 3 HPG Grantees
 - South Central KS Economic Development District
 - Great Plains Development, Inc.
 - United Tribes of Kansas and SE Nebraska, Inc.
- ◆ 3 grants for \$138,000

Multi-Family Housing (MFH) Program

The Multi-Family Housing Program provides funds to build rental housing and other related facilities for eligible tenants of low, very low or moderate incomes. The apartment complexes must be located in rural areas (under 20,000 population). Owners must be experienced to operate and manage the development successfully. Tenants may receive rent and utility subsidies, based on need according to income guidelines.

Approximately 400 apartment complexes funded by USDA Rural Development are located in 97 Kansas counties, providing a home to 6,655 households.



Bartel Place in Junction City is expected to open in 2006 and will provide 32 apartments to elderly residents. It was formerly the historic Bartel Hotel and is listed on the National Registry of Historic Places.

The MFH program has placed added emphasis on rehabilitation of these projects the last several years. Rehabilitation funds are available to repair major items that are not usually financed out of the project's regular budget. Rehab repairs may include: improvement to heating, air and electrical systems, new lighting, re-grading of the site for improved drainage; parking lot replacement, new roofs, interior remodeling and handicapped accessibility. Owners fund normal repairs such as painting, carpeting and appliance replacement from the projects' regular operating budgets.

- ◆ 4 Multi-Family Rehabilitated Projects Selected
 - Rural Housing and Development LP - Oberling, KS
 - Rural Housing & Development LP - Wakeeney, KS
 - Cherry Vale Center Apartments - Beloit, KS
 - Kansas Rural Housing of Deerfield - Deerfield, KS
- ◆ 4 Loans for \$1,190,280

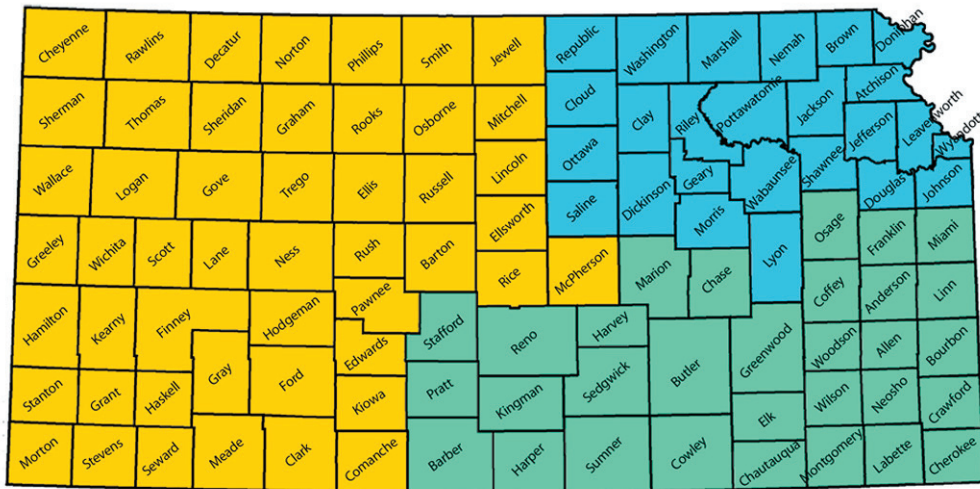


Construction work continues at Westkan Apartments in Liberal, Kansas. USDA Rural Development funds are being used to replace roofs, repair parking lots, and to upgrade electrical systems, kitchen appliances and cabinets.



EQUAL HOUSING OPPORTUNITY

USDA Rural Development Kansas Area Jurisdictions



AREA 1

2615 Farm Bureau Road
Manhattan, KS 66502
785-776-7582
Fax 785-539-2733

AREA 2

202 W. Miller Road
Iola, KS 66749
620-365-2901
Fax 620-365-5785

AREA 3

2715 Canterbury Drive
Hays, KS 67601
785-628-3081
Fax 785-625-6065

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“USDA Rural Development’s mission is to deliver programs that support increasing economic opportunities and enhance the quality of life. The Agency provides equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure – all to serve rural Kansas.”

Chuck Banks, State Director

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USDA, Director, Office of Civil Rights
1400 Independence Avenue, S.W.
Washington, DC 20250-9410

Or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).
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